

## Executive Message

# Contributing to Fulfilling Lifestyles

The speed with which the various economies around the world recovered varied in 2016. Growth in the U.S. picked up after plateauing in the first half, while China and the emerging markets that depend upon it grew at a slow pace.

Recovery in Japan was moderate in general in fiscal 2016, with business earnings and employment and income environments showing signs of improvement. The domestic economy was clouded, however, by uncertainties in the world economy, volatile financial and capital markets, and other unpredictable elements.

While corporate advertising expenditure expanded primarily online, slackened demand for paper-based printing businesses and other negative trends continued to constrain markets in the printing industry.

In spite of a slight decline in net sales amid this challenging environment, our operating income increased year-on-year in fiscal 2016, exceeding our published forecasts.

As the President & Representative Director, I am developing a constellation of initiatives to achieve the three main management challenges of our Group: “advancing our Group-wide structural reform,” “creating new businesses and new markets,” and “accelerating global business expansion.” In fiscal 2016 I took a step to further our endeavors for creating new businesses and new markets.

## Designing Infinite Possibilities

We position *TOPPAN VISION 21* as the foundation for all of our corporate activities. This vision consists of a Corporate Structure (the Corporate Philosophy, Corporate Creed, and Conduct Guidelines defining the values and standards we should respect) and a set of Business Fields based on the Corporate Structure.

In fiscal 2016 we redefined our business fields. Specifically, we set out our Technology & Expertise based on resources in five business segments and established four growth fields on which to focus in terms of Markets & Customers: Healthcare & Life Sciences, Education & Cultural Exchange, Urban Space & Mobility, and Energy & Food Resources. This has been conceptualized as “designing infinite possibilities,” our management theme for 2017. “Infinite possibilities” represent “value for tomorrow,” while “designing” broadly embodies the processes of planning and creativity. We will grow as a corporation that creates social value by designing infinite possibilities—discovering the value of the future and making it real with planning and creativity.

## Evolving as a Corporation that Grows Steadily with Society

In parallel with these economic growth strategies for tomorrow, I am convinced that we will have to execute a rigorous sustainability strategy to fulfill our social responsibility as a corporation committed to solving social issues and driving our growth in step with all of society.

Toppan has been participating in the United Nations Global Compact and supporting its 10 principles on human rights, labour, environment, and anti-corruption since September 2006. I will continue espousing the United Nations Global Compact and directing our corporate social responsibility (CSR) activities based on this global policy initiative.

As an invaluable guideline to fulfill our social responsibility, we incorporated the International Organization for Standardization (ISO) 26000 Guidance on Social Responsibility (globally recognized standard for organizations) into our CSR management practices in fiscal 2011. We have been pushing forward with CSR activities accordingly by piecing together a clear picture of the social issues we should help solve and the social responsibilities we should fulfill. The ISO 26000 standard condenses various social issues to address. Our measures to tackle these issues correspond to the requirements of the United Nations Global Compact.

At the United Nations (UN) Headquarters in September 2015, the countries of the UN adopted a series of Sustainable Development Goals (SDGs) as core steps for “Transforming our World: the 2030 Agenda for Sustainable Development.” We will be analyzing how our Group’s businesses are relevant to the 17 SDGs in order to identify material issues to target more assertively in our ongoing CSR activities and to plot out a clear roadmap towards achieving those targets.

## Solving Diverse Social Challenges

Among the 17 SDGs, environmental challenges mainly pertinent to Goals 12, 13, and 15 have tremendous significance for our Group. In Packaging & Converting, one of our five business segments, we have been developing sustainable packaging and engaging in businesses to propose new value-added creation using sustainable packaging.

Good examples are new forms of packaging made with GL BARRIER, a transparent film with barrier performance rivaling that of aluminum-based packaging materials. Toppan is now proposing GL BARRIER-based packaging as a sub-



stitute for bottles and cans. Although bottles and cans can store contents for long periods, their heavier weights push up costs and CO<sub>2</sub> emissions during transportation. Our GL BARRIER packaging contributes to sustainable societies by reducing CO<sub>2</sub> emissions and food waste.

Back in 1997, we also began archiving digital images of precious cultural properties to be sustained as legacies to posterity. Our archiving system applies core technologies for high-definition digitalization, color management, and a host of other long-held technologies we have developed through printing processes. In 2011 we created *Kumamotojo: Unraveling the mystery of the invincible castle*, a VR recreation of Kumamoto Castle, an important heritage site in Japan that suffered serious damage in the earthquakes of April 2016. The VR production is a compendium of high-definition archived data compiled from thousands of digital photographs of the castle tower structures, from the stone walls to the details of the donjon. From June to July 2016, the Tokyo National Museum (TNM) and Toppan Printing Co., Ltd. jointly held charity screenings at the TNM & TOPPAN MUSEUM THEATER. The full proceeds from the screenings were donated to the Kumamoto Earthquake Donations for Rebuilding Kumamoto Castle, a fund started to support Kumamoto City's castle reconstruction efforts.

I value our employees as precious "human assets" of the Toppan Group and have been accelerating diversity management endeavors in the hope of actualizing a growth

strategy focused on human asset diversity. We are working for the employment of persons with disabilities as part of these efforts. Toppan's special subsidiary, Tokyo Metropolitan Government (T.M.G.) Prepress Toppan Co., Ltd., provides workplaces and support to persons with disabilities to facilitate their self-reliance and seamless participation in society. Prepress Toppan is committed to designing workplace environments and arranging various other infrastructures and initiatives to enhance the self-reliance of all persons so as to enable them to develop their skills with others and explore their individual potential regardless of the types of disabilities they live with or how seriously their disabilities affect their lives.

### With Our Stakeholders

At Toppan we would like to continue disclosing information through this CSR report, one of our most valuable tools for communicating with our stakeholders. I am eager to hear your candid opinions about this report.

We will keep up our work towards the creation of fulfilling lifestyles in a sustainable society. We rely on your ongoing support and guidance.

August 2017

#### Shingo Kaneko

President & Representative Director  
Toppan Printing Co., Ltd.